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Washington State
Employment Security Department
John Spellman, Governor
Norward Brooks, Commissioner

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in cooperation with the
Bureau of Labor Statistics
and the Employment and
Training Administration
U.S. Department of Labor

Washington Labor Market

Volume 8, Number 7 July 1984

HIGHLIGHTS

The state's unemployment rate fell slightly in June, overcoming a presistent slack in housing related industries and a swelling of the labor force as the regular school year came to a close. Although the increase in construction jobs was close to normal for June, employment gains in other housing related industries, especially lumber and wood products, were well below the seasonal average. A cutback in aluminum production, in response to a world-wide oversupply, contributed to lower payrolls in the primary metals industry. Still, the state jobless rate fell to 9.3 percent in June, from a revised May figure of 9.4 percent. Gradual expansion in aerospace and steady growth in machinery, trade and services spearheaded a better than normal June performance. Usually, the state unemployment rate increases by about 0.4 of a percentage point in June as school aged youth seek summer employment.

The boost in aerospace jobs is consistent with a Boeing forecast earlier this year that its payrolls would expand by 5,300 before the end of 1984. The machinery sector is benefiting from the national boom in capital spending and a steady influx of "high technology" companies seeking access to a well educated state labor force. The expansion in trade and services is part of a long-term trend, aided by a revival in state real personal income. The June strawberry harvest also created thousands of temporary jobs in Western Washington. Overall, total employment in the state rose 28,500 in June, while the number of unemployed individuals increased by 200. Although the number of persons classified as unemployed rose slightly, the number of individuals receiving

	June 1984*	May 1984*	June 1983
Civilian Labor Force	2,125.0	2,096.3	2,136.6
Total State Employment	1,926.9	1,898.4	1,906.1
Total Unemployment	198.1	197.9	230.5
State Unemployment Rate	9.3	9.4	10.8
National Civilian Unemployment Rate	7.4	7.2	10.2

*These data are alternative estimates which are more nearly comparable with data released in previous years than the official Bureau of Labor Statistics' estimates developed for Federal program purposes.

regular unemployment insurance (UI) benefits dropped by nearly 4,000 from May to June. During June, when thousands of students ineligible for UI benefits enter the labor market, there is a much larger discrepancy between UI claimant figures and the number of persons officially classified as "unemployed." The latter category includes persons receiving UI benefits plus individuals who are out of work (and actively seeking a job), but not receiving benefits.

On the national level, inflation remained low despite signs that the economy has grown more rapidly than in any previous post-World War II recovery. Second quarter Gross National Product (GNP) jumped 7.5 percent, nearly two percentage points above the preliminary estimate. The absence of high inflation however, should ease pressure on interest rates.

The Commerce Department's Index of Leading Economic Indicators provided evidence that the economy may be cooling. The Index fell 0.9 percent in June. In four of the past ten months, the Index initially registered a dip, only to show a positive change after revision. The June data is therefore ambiguous. Still, the large June drop suggests the Index will still show a decline even after it is revised in the next several weeks. Low inflation and the expectation of a slowdown, if they act as a brake on accelerating interest rates, are favorable omens for the Washington State economy.

Nationally, the non-adjusted jobless rate rose 0.2 of a percentage point in June to 7.4 percent. The seasonally adjusted rate, however, dropped a huge 0.4 of a percentage point from 7.5 percent in May to 7.1 percent in June. The vigorous June performance in this measure suggests there is still strength in the national recovery, even if leading indicators foreshadow a slowdown. With the exception of impressive national payroll gains in construction, the state and nation show similar patterns in job growth during June and in the several preceeding months. Nationally, the single family housing market recovered much more rapidly than in the state. A strong rebound in apartment, condominium, and public works projects also fueled national job growth in construction, even while mortgage rates edged upward.

CHART 1

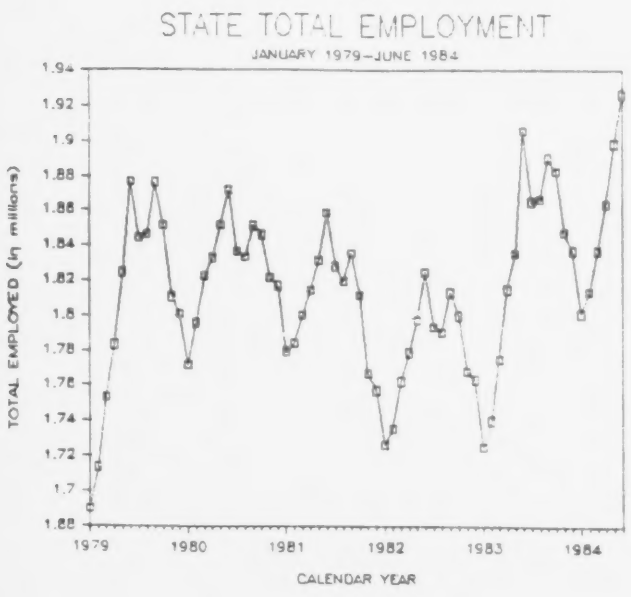
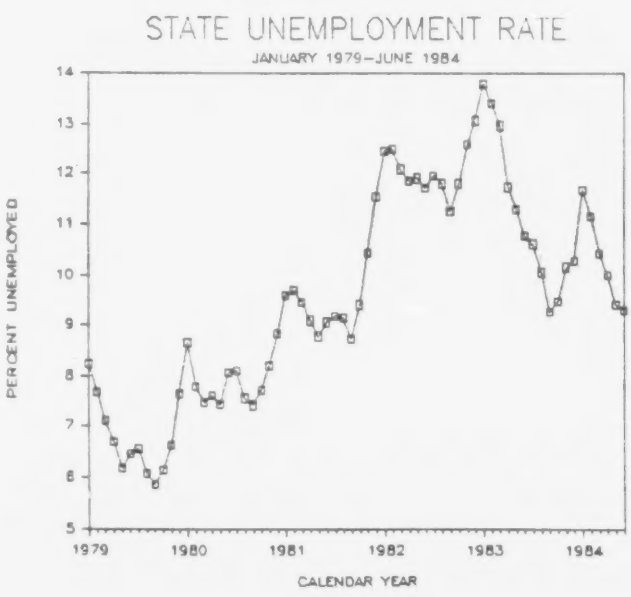


CHART 2



MANUFACTURING EMPLOYMENT

Manufacturing employment in Washington State rose by 2,000 in June, about 3,000 to 4,000 below the seasonal norm in a non-recession year. The shortfall was due in part to the continued slump in lumber and wood products caused by higher mortgage rates and a drop in lumber prices. Also contributing to the less than expected June gain was a cutback in aluminum production and an abnormally small increase in food processing payrolls. The latter was due partly to unseasonally cool and wet weather which caused delays in harvesting. A significant pick-up in food processing jobs is expected in July. On the brighter side, hiring in aerospace, machinery, and paper and allied products partially offset disappointing figures from other manufacturing sectors.

Durable Goods Industries

The state's durable goods manufacturing industries continue to benefit from the national boom in capital spending. Total employment in this sector is nearing 200,000, a level last approached in late 1982. A beleagured lumber and wood products sector and a primary metals industry hobbled by world-wide overproduction are preventing an even quicker recovery in durable goods employment. Solid and gradual expansion in aerospace is anchoring the durable goods rebound and providing direction and stability to the general recovery.

Slump Continues in Lumber and Wood Products

The May to June increase in lumber and wood products jobs fell short of seasonal norms for the third straight month. Employment gains in this sector rose 600, compared to past June gains of 1,000 to 2,000 jobs in non-recession years. Low prices for lumber and plywood, resulting from an oversupply and a sluggish Northwest housing market, are still the immediate causes.

Another drop in the lumber prices, recorded in June, precludes a quick turnabout for the industry. Lower priced Canadian lumber imports have combined with rising mortgage rates to drive prices to nearly half the level of late 1979 (in inflation adjusted dollars). Because Canadian firms have access to government timber at a fraction of the price paid by the United States (U.S.), they can undercut U.S. competitors. Firms in the Northwest, where the proximity of markets add negligible transport costs to the price of Canadian lumber, are especially vulnerable. The strength of the U.S. dollar in relation to Canadian currency also adds to Canada's advantage. In an initiative to remedy this situation, the Northwest Independent Forest Manufacturers Association has called for Federal legislation to guarantee a certain share of the domestic market for U.S. lumber mills.

State Court Nullifies Timber Relief Measure

A recent judicial ruling has thwarted a legislative effort to relieve the state's timber companies. In a ruling by the Washington State Supreme Court, a state law that would have allowed 47 timber companies to default on $157 million in state timber cutting contracts, was declared unconstitutional. The contracts were signed when timber prices were high; but a sharp drop in prices made it impossible for the companies to cut the timber at a profit. The State Department of Natural Resources and the Public Lands are searching for a compromise that would provide relief to the industry, while satisfying the court's legal objections. A similar measure, allowing the region's timber producers to turnback Federal timber contracts signed before the precipitous drop in prices, is pending before Congress.

An upturn in lumber production in the Washington-Oregon coastal region during June may signal a halt to further plant closures and significant layoffs. A genuine recovery, however, does not appear likely in the near future.

Employment in primary metals production slipped by 100 in June. Payrolls in this industry normally rise 100 to 400 at this time of year. The shortfall reflects a cutback in aluminum production due to a world wide surplus, aggravated by the strength of the U.S. dollar. The result has been a plunge in ingot prices over the last several months.

Aluminum Hurt by Foreign Competition

Major U.S. aluminum companies have curtailed production by closing potlines at their least cost-effective plants. The Aluminum Company of America (ALCOA) temporarily closed two smelters in Vancouver, Washington. Higher electricity costs in the northwest have made aluminum companies in the region more vulnerable to depressed market conditions. These companies are the first to be shut-down and the last to reopen when aluminum prices plunge.

Industry officials estimate that closing and re-starting a potline costs about one million dollars. Once a potline is closed, it usually remains idle for at least six months.

The United States International Trade Commission recently recommended five years of import quotas and additional tariffs to help the ailing domestic steel industry. Timber and primary metals industry officials have advocated similar relief measures for their industries. Opponents of these measures argue that competition from foreign companies holds down the price of domestic goods and stimulates modernization of the production process.

Positive developments in aerospace are cushioning the effects of the timber and metals downturn. An addition of 1,000 jobs in June lifted aerospace payrolls to 64,600. Since the end of 1983, the industry has added 2,700 jobs. If hiring continues at this pace, aerospace will more than

equal its projected job growth for the year. Earlier in the year Boeing officials forecast a payroll rise of 5,300 during 1984. High-paying jobs in aerospace indirectly produce jobs in other industries, particulary trade and services. The King-Snohomish labor market area benefits most from this "multiplier effect."

Aerospace Spearheads Manufacturing Recovery

Recent developments paint an optimistic picture for aerospace employment beyond 1984. The Boeing Company signed an agreement in principle with Saudi Arabia to sell $1 billion worth of Boeing 747 aircraft, only the third contract of this magnitude negotiated in the 1980s.

In another positive development for local aerospace, the Federal Aviation Administration (FAA) is expected to pass regulations in October allowing commercial jumbo jets with two engines to cross the Atlantic. The measure is expected to open new commerical doors for the Boeing 767.

In the non-commerical field, Boeing aerospace announced that it had been awarded a contract by the Army to test an early warning airborne system designed to detect enemy missles. The contract, part of the Administration's "star-wars" defense system, as termed by press reports, is worth $289 million to the Boeing Company. Approximately 250 people will work on the system at peak employment in 1985; but many will be transferred from other Boeing divisions to work on the project.

Overall, jobs in the transportation equipment sector increased by only 500 in June. A loss of 500 jobs in shipbuilding partially offset the gain in aerospace. Most of the shipbuilding layoffs were concentrated in a major firm which has cited "slack work" as the reason. Shipbuilding in the U.S. has declined as domestic carriers fight competition from foreign fleets assembled and operated with government assistance.

"High-Tech" Firms Attracted by Well Educated State Labor Force

In other major developments involving durable goods, the machinery sector posted an impressive May to June gain of 300 jobs. Machinery, which includes the "high technology" group, is nearing its employment peak, attained in the first quarter of 1982. This sector now contributes over 28,000 jobs to the state economy. Itron, a "high technology" firm which manufactures computerized on-site billing equipment for utility companies, recently moved its entire operation from Idaho to Spokane, Washington. The quality of the Spokane labor market was cited as a major reason for the relocation. The company plans to expand its workforce from 200 to 300, with most of the new jobs going to Washington State residents.

Nondurable Goods Employment

The largest June increase in non-durable goods was registered in paper and allied products. An addition of 300 to the June payrolls brought this sector within seven percent of its pre-recession June, 1979 level. This is a solid performance for an industry that has lost jobs to the southern part of the country, where labor costs are lower.

Boom and Modernization In Paper Products

Demand for paper products has soared, with copying, data processing, and magazine publication providing the stimulus. Demand should remain strong--or even rise further--as prices for microcomputers and copiers come down. Nationally, the paper business is booming, with the industry operating at 96 percent capacity.

High demand and increased cashflow have induced paper producers to invest heavily in automated plants. Crown-Zellerbach announced a $425 million modernization of its Camas, Washington plant, a move that will facilitiate computerized control and monitoring of the production process. While some jobs may be lost to increased automation, modernization makes it less likely that companies, such as Crown-Zellerbach, will relocate in search of lower labor costs.

Late Harvest Postpones Seasonal Jump in Food Processing

Normally, employment in food processing jumps by 1,000 to 2,000 from May to June. This year, food and kindred products added only 100 workers in June. The shortfall is due partly to delays in planting (caused by abnormally cool and wet weather in the eastern part of the state), setting back the entire harvesting and processing schedule. An early end to seasonal asparagus processing, which boosted payrolls in April and May, also contributed to the depressed June figures for food and kindred products employment. A healthy rise in the July payrolls is expected for this sector.

NONMANUFACTURING

Employment in contract construction grew by 2,900 jobs during June, slightly below average for this time of year. In light of the sluggish northwest housing market, this is a good performance, helping offset lower than normal gains for April and May. Although comparable figures are not yet available for the state, national data indicate that apartment, condominium, and public works projects are helping stabilize employment in construction. Higher mortgage rates quickly halted the boom in single family housing. The high cost of borrowing, however, has yet to dampen apartment and condominium construction. Financing of these projects involves long lead times, making them less sensitive to short-term fluctuations in interest rates. Nationally, apartment construction in June was up 27.2 percent over May, while the construction of single family dwellings dropped 7.2 percent.

Better Than Expected Rise in Construction Jobs

General Employment Recovery Fuels Expansion in Trade and Services

About one-third of the June increase in state total employment was concentrated in trade and service industries. The general employment recovery, which is responsible for the healthy rise in real personal income, has energized this sector. In the Puget Sound labor market area, growth in higher paying aerospace jobs and an upswing in travel and tourism are adding fuel to the trade and services expansion.

Statewide, employment in wholesale and retail trades is 31,000 above the pre-recession June 1979 level. Service industries have added 46,000 jobs in the state during the same period. These gains have more than offset a loss of 30,000 manufacturing sector over the past four years. New jobs in trade and services, however, generally pay lower wages than jobs lost in manufacturing during the 1981-82 recession.

The June rise in trade employment was due mainly to increased patronage of eating and drinking establishments, auto dealerships, food stores, and businesses selling apparel. On the services side, personnel agencies, data processing and computer firms, and other enterprises serving the business community, led the June upswing. A gain of 2,200 jobs in membership organizations (which include summer camps) cushioned a seasonal loss of 2,400 jobs in educational services (including private elementary and secondary schools).

Federal, state, and local governments showed a net increase of 2,400, with most new positions in outdoor related activities, including parks, forests, campgrounds, and other public recreational facilities.

EMPLOYMENT OUTLOOK: THE NATIONAL CONTEXT

Interest Rate Watchers Buoyed by Low Inflation and Signs of Economic Slowdown

Nationally, the economy continued to grow at a brisk pace in June, but without signs of higher inflation. Fears that an overheated economy would ignite inflation in the second half of 1984 are subsiding. Producer and consumer price indexes rose only modestly in June, confounding forecasters who saw inflation rising in the second or third quarter. (The chart below provides the latest available consumer price index data.)

Lack of evidence that inflation is rising should ease pressure on the Federal Reserve to tighten credit. A June drop in the Department of Commerce's Index of Leading Economic Indicators, which strives to forecast turns in is economic growth, has been another welcome sign to interest rate watchers.

With the exception of persistently large Federal budget deficits, conditions that have fueled inflation and higher interest rates in the past, now seem less threatening.

Lack of Evidence That Inflation Will Ignite is a Positive Sign for State Economy

The price of oil is expected to remain steady, if not decline, as oil reserves grow and exporters demonstrate less inclination to coordinate production and pricing policies. Labor unions and cost conscious employers are tieing wage and benefit gains to productivity. Out-put per worker hour in non-farm businesses rose nationally at a 3.3 percent annual rate in the second quarter, compared with 2.9 percent in the first quarter. Rising productivity offsets rising wages, and holds down prices. During past inflationary spirals, growth in wages and benefits was not usually accompanied by improvements in worker productivity. Another factor holding down inflation is the strength of the American dollar, which forces American business to compete with lower cost foreign products.

If no rise occurs in inflation and interest rates, unemployment in the state should hold steady or drop modestly in succeeding months, even if a weakness appears in consumer spending. The state unemployment rate rises more sharply than the nation's during recessions caused by lower capital spending (as in 1970-71). When lethargy in consumer activity is the cause (as in 1974-75), the state unemployment rate tends to rise less steeply than the nation's.

CONSUMER PRICE INDEX
(All Items, Urban Consumers, 1967=100)

	INDEXES			PERCENT CHANGE				
				Year Ending		2 Months Ending		1 Month Ending
	June 1983	May 1984	June 1984	May 1984	June 1984	May 1984	June 1984	June 1984
U.S. City/Average	298.1	309.7	310.7	4.2	4.2	0.8	0.6	0.3
Seattle-Everett	---	313.0	---	4.0	---	0.9	---	---

AREA WAGE SURVEY REPORT AVAILABLE FOR GRAYS HARBOR AND PACIFIC COUNTIES

The Wage Analysis Unit of the Research and Analysis Branch recently completed an occupational wage survey for Grays Harbor and Pacific Counties. The survey report, based upon data from 169 establishments, presents wage ranges and averages for clerical, managerial, professional, technical and general occupations. The report, titled "AREA WAGE SURVEY, GRAYS HARBOR AND PACIFIC COUNTIES, MAY 1984," is available on request from Research and Analysis, P.O. Box 46502, Seattle, Washington 98146. Phone (206) 764-6453.

RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE 1/

(In Thousands)

NOT SEASONALLY ADJUSTED	Jun. 1984 (Prel.)	May. 1984 (Rev.)	Jun. 1983	May. 1983	Change May. 84 to Jun. 84	Change Jun. 83 to Jun. 84
RESIDENT CIVILIAN LABOR FORCE.....	2,125.0	2,096.3	2,136.6	2,069.5	+28.7	-11.6
EMPLOYMENT.....	1,926.9	1,898.4	1,906.1	1,835.4	+28.5	+20.8
UNEMPLOYMENT.....	198.1	197.9	230.5	234.1	+0.2	-32.4
Percent of Labor Force.....	9.3	9.4	10.8	11.3	xxx	xxx

NONAGRICULTURAL WAGE AND SALARY WORKERS IN WASHINGTON STATE, PLACE OF WORK 2/

(In Thousands)

NOT SEASONALLY ADJUSTED	Jun. 1984 (Prel.)	May. 1984 (Rev.)	Jun. 1983	May. 1983	Change May. 84 to Jun. 84	Change Jun. 83 to Jun. 84
TOTAL NONAG. WAGE AND SALARY.....	1,653.5	1,635.0	1,611.9	1,581.9	+18.5	+41.6
TOTAL MANUFACTURING.....	287.5	285.5	281.2	277.1	+2.0	+6.3
Durable Goods.....	198.5	197.0	193.8	192.4	+1.5	+4.7
Lumber & Wood Products.....	43.0	4/42.4	43.8	42.2	+0.6	-0.8
Furniture & Fixtures.....	3.4	3.4	3.3	3.2	0.0	+0.1
Stone, Clay, & Glass Prod.....	6.4	6.3	6.1	6.0	+0.1	+0.3
Primary Metal Industries.....	13.4	13.5	12.6	12.5	-0.1	+0.8
Aluminum Prod. & Processing...	8.8	8.9	8.2	8.2	-0.1	+0.6
Fabricated Metal Products.....	9.9	9.8	9.3	4/8.9	+0.1	+0.6
Machinery.....	28.2	27.9	25.9	25.6	+0.3	+2.3
Machinery exc. Electrical.....	16.5	16.3	4/15.0	4/14.7	+0.2	+1.5
Electrical & Electronic Equip.	11.7	11.6	10.9	10.9	+0.1	+0.8
Transportation Equipment.....	80.1	79.6	79.5	80.8	+0.5	+0.6
Aerospace.....	64.6	63.6	63.7	65.0	+1.0	+0.9
Other Transp. Equipment.....	15.5	16.0	15.8	4/15.8	-0.5	-0.3
Instruments & Related Prod.....	9.6	9.6	9.2	9.1	0.0	+0.4
Misc. Manufacturing Ind.....	4.5	4.5	4.1	4.1	0.0	+0.4
Nondurable Goods.....	89.0	88.5	87.4	84.7	+0.5	+1.6
Food & Kindred Products.....	31.6	31.5	33.0	30.9	+0.1	-1.4
Canned & Preserved Foods.....	11.5	11.4	12.5	10.4	+0.1	-1.0
Apparel & Other Text. Prod.....	6.3	6.3	5.7	5.6	0.0	+0.6
Paper & Allied Products.....	16.4	16.1	15.8	15.4	+0.3	+0.6
Printing & Publishing.....	16.5	16.4	15.9	16.1	+0.1	+0.6
Chemicals & Allied Products....	10.9	10.9	10.3	10.1	0.0	+0.6
Other Nondurable Goods 3/.....	4/7.3	4/7.3	6.7	6.6	0.0	+0.6
MINING & QUARRYING.....	2.8	2.8	2.7	2.7	0.0	+0.1
CONSTRUCTION.....	75.7	72.8	75.5	72.3	+2.9	+0.2
TRANS. & PUBLIC UTILITIES.....	92.7	91.3	89.5	87.7	+1.4	+3.2
WHOLESALE & RETAIL TRADE.....	413.5	408.0	399.3	390.3	+5.5	+14.2
Wholesale Trade.....	105.1	103.2	102.2	98.8	+1.9	+2.9
Retail Trade.....	308.4	304.8	297.1	291.5	+3.6	+11.3
FIN., INS., & REAL ESTATE.....	94.0	93.7	93.1	92.1	+0.3	+0.9
SERVICES.....	343.7	339.7	331.4	326.9	+4.0	+12.3
GOVERNMENT.....	343.6	341.2	339.2	332.8	+2.4	+4.4
Federal.....	69.3	68.4	68.6	67.4	+0.9	+0.7
State & Local.....	274.3	272.8	270.6	265.4	+1.5	+3.7
Education.....	149.2	150.2	145.1	145.5	-1.0	+4.1
(WORKERS IN LABOR-MANAGEMENT DISPUTES).....	0.2	0.3	1.4	0.3	-0.1	-1.2

1/ These data are alternative estimates which are more nearly comparable to data released in previous years than are official Bureau of Labor Statistics estimates developed for Federal program purposes.

2/ Excludes proprietors, self-employed, members of armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during pay period including the 12th of the month.

3/ Includes textile mill products, rubber and miscellaneous plastics products, petroleum refining and related products, and leather products.

4/ Excludes workers involved in labor-management disputes.

Washington State
EMPLOYMENT SECURITY DEPARTMENT

RESIDENT LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE AND LABOR MARKET AREAS

(Not Seasonally Adjusted)

Date: July 24, 1984
Benchmark: 1983

John Spellman, Governor
Norward J. Brooks, Commissioner

	June 1984 Preliminary 3/				May 1984 Revised				June 1983 Revised			
	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate
Washington State Total 1/	2,125,000	1,926,900	198,100	9.3	2,096,300	1,898,400	197,900	9.4	2,136,600	1,906,100	230,500	10.8
Bellingham SMSA	53,600	48,200	5,400	10.1	52,700	47,200	5,500	10.4	53,800	47,900	5,900	11.0
Bremerton SMSA	66,400	61,600	4,800	7.2	65,200	60,500	4,700	7.2	65,500	60,300	5,200	7.9
Olympia SMSA	61,300	55,000	6,300	10.3	59,800	53,800	6,000	10.0	61,900	54,700	7,200	11.6
Seattle-Everett SMSA	927,800	854,100	73,700	7.9	916,400	843,000	73,400	8.0	917,800	826,200	91,600	10.0
Spokane SMSA	159,600	146,300	13,300	8.3	158,200	145,000	13,200	8.3	159,800	144,200	15,600	9.8
Tacoma SMSA	193,900	173,500	20,400	10.5	193,500	173,300	20,200	10.4	196,500	173,000	23,500	12.0
Tri-Cities Area 2/	79,200	69,500	9,700	12.2	77,500	67,900	9,600	12.4	84,900	73,800	11,100	13.1
Yakima SMSA	91,900	79,700	12,200	13.3	95,800	82,800	13,000	13.6	94,900	82,800	12,100	12.8
Wenatchee Labor Area 2/	38,630	33,930	4,700	12.2	37,910	32,810	5,100	13.5	39,380	33,870	5,510	14.0
Adams	9,080	8,040	1,040	11.5	8,520	7,590	930	10.9	9,340	8,240	1,100	11.8
Asotin	8,760	8,000	760	8.7	8,550	7,790	760	8.9	8,980	8,140	840	9.4
Clallam	20,470	18,100	2,370	11.6	19,880	17,600	2,280	11.5	20,450	17,770	2,680	13.1
Clark	96,200	88,170	8,030	8.3	94,410	86,560	7,850	8.3	97,240	87,760	9,480	9.7
Columbia	2,860	2,660	200	7.0	2,740	2,550	190	6.9	2,530	2,300	230	9.1
Cowlitz	33,630	29,520	4,110	12.2	33,060	28,890	4,170	12.6	34,550	29,610	4,940	14.3
Ferry	2,950	2,540	410	13.9	2,820	2,380	440	15.6	3,000	2,560	440	14.7
Garfield	1,580	1,450	130	8.2	1,470	1,340	130	8.8	1,560	1,460	100	6.4
Grant	27,720	24,590	3,130	11.3	26,080	23,080	3,000	11.5	28,360	25,070	3,290	11.6
Grays Harbor	29,700	25,800	3,900	13.1	29,130	25,280	3,850	13.2	32,390	27,940	4,450	13.7
Island	16,540	15,180	1,360	8.2	15,810	14,520	1,290	8.2	16,530	15,010	1,520	9.2
Jefferson	7,150	6,530	620	8.7	6,860	6,260	600	8.7	7,120	6,450	670	9.4
Kittitas	12,390	10,930	1,460	11.8	11,900	10,300	1,600	13.4	12,150	10,820	1,330	10.9
Klickitat	7,860	6,740	1,120	14.2	7,410	6,330	1,080	14.6	7,720	6,620	1,100	14.2
Lewis	26,100	22,780	3,320	12.7	25,330	22,200	3,130	12.4	26,330	22,820	3,510	13.3
Lincoln	5,730	5,520	210	3.7	5,220	5,040	180	3.4	5,820	5,560	260	4.5
Mason	11,450	10,370	1,080	9.4	11,190	10,090	1,100	9.8	11,600	10,240	1,360	11.7
Okanogan	17,110	14,570	2,540	14.8	15,760	13,120	2,640	16.8	18,270	15,330	2,940	16.1
Pacific	7,840	6,700	1,140	14.5	7,810	6,500	1,310	16.8	7,750	6,720	1,030	13.3
Pend Oreille	4,550	3,910	640	14.1	4,420	3,730	690	15.6	4,070	3,330	740	18.2
San Juan	4,310	4,070	240	5.6	3,900	3,650	250	6.4	4,340	4,070	270	6.2
Skagit	35,230	30,370	4,860	13.8	34,320	29,710	4,610	13.4	37,100	32,420	4,680	12.6
Skamania	2,980	2,520	460	15.4	2,820	2,330	490	17.4	3,310	2,750	560	16.9
Stevens	13,270	11,590	1,680	12.7	12,830	10,920	1,910	14.9	13,880	11,750	2,130	15.3
Wahkiakum	1,540	1,460	80	5.2	1,480	1,370	110	7.4	1,410	1,320	90	6.4
Walla Walla	27,900	25,800	2,100	7.5	27,140	25,000	2,140	7.9	28,050	26,030	2,020	7.2
Whitman	17,940	17,310	630	3.5	18,440	17,940	500	2.7	18,130	17,300	830	4.6

1/ Detail may not add due to rounding.

2/ The Tri-Cities area includes all of Benton and Franklin Counties. The Wenatchee Labor Area includes all of Chelan and Douglas counties.

3/ Estimates provided here are for use as an economic time-series. Official Bureau of Labor Statistics' estimates, which must be used for Federal program purposes, are available upon request.

Research and Analysis Branch

WASHINGTON STATE LABOR FORCE AND EMPLOYMENT
ESTIMATES FOR FEDERAL PROGRAM PURPOSES

July 24, 1984
Benchmark 1983

(Not Seasonally Adjusted)

	June 1984 Preliminary				May 1984 Revised			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Washington State Total 1/	2,084,900	1,889,900	195,000	9.4	2,069,000	1,870,300	198,700	9.6
Bellingham SMSA	52,500	47,200	5,300	10.1	52,000	46,500	5,500	10.6
Bremerton SMSA	65,100	60,400	4,700	7.2	64,300	59,600	4,700	7.3
Olympia SMSA	60,100	53,900	6,200	10.3	59,000	53,000	6,000	10.2
King County	716,400	662,000	54,400	7.6	711,300	656,300	55,000	7.7
Snohomish County	193,900	175,700	18,200	9.4	192,900	174,200	18,700	9.7
Spokane SMSA	156,600	143,500	13,100	8.4	156,100	142,800	13,300	8.5
Tacoma SMSA	190,200	170,100	20,100	10.6	190,900	170,700	20,200	10.6
Tri-Cities Area 2/	77,700	68,100	9,600	12.4	76,600	66,900	9,700	12.7
Yakima SMSA	90,200	78,200	12,000	13.3	94,600	81,600	13,000	13.7
Wenatchee Labor Area 3/	37,900	33,280	4,620	12.2	37,450	32,330	5,120	13.7
Adams	8,910	7,890	1,020	11.4	8,400	7,470	930	11.1
Asotin	8,590	7,840	750	8.7	8,430	7,670	760	9.0
Clallam	20,090	17,750	2,340	11.6	19,620	17,340	2,280	11.6
Clark	94,380	86,480	7,900	8.4	93,160	85,280	7,880	8.5
Columbia	2,810	2,610	200	7.1	2,700	2,510	190	7.0
Cowlitz	33,000	28,950	4,050	12.3	32,640	28,460	4,180	12.8
Ferry	2,900	2,490	410	14.1	2,780	2,340	440	15.8
Garfield	1,550	1,420	130	8.4	1,450	1,320	130	9.0
Grant	27,200	24,120	3,080	11.3	25,760	22,740	3,020	11.7
Grays Harbor	29,140	25,300	3,840	13.2	28,770	24,910	3,860	13.4
Island	16,230	14,890	1,340	8.3	15,590	14,300	1,290	8.3
Jefferson	7,010	6,400	610	8.7	6,770	6,170	600	8.9
Kittitas	12,160	10,720	1,440	11.8	11,750	10,140	1,610	13.7
Klickitat	7,710	6,610	1,100	14.3	7,320	6,230	1,090	14.9
Lewis	25,600	22,340	3,260	12.7	25,010	21,870	3,140	12.6
Lincoln	5,620	5,410	210	3.7	5,140	4,960	180	3.5
Mason	11,250	10,180	1,070	9.5	11,050	9,940	1,110	10.0
Okanogan	16,790	14,290	2,500	14.9	15,570	12,920	2,650	17.0
Pacific	7,700	6,570	1,130	14.7	7,710	6,400	1,310	17.0
Pend Oreille	4,470	3,840	630	14.1	4,380	3,680	700	16.0
San Juan	4,230	3,990	240	5.7	3,850	3,600	250	6.5
Skagit	34,570	29,790	4,780	13.8	33,900	29,270	4,630	13.7
Skamania	2,920	2,470	450	15.4	2,780	2,290	490	17.6
Stevens	13,010	11,360	1,650	12.7	12,680	10,760	1,920	15.1
Wahkiakum	1,510	1,430	80	5.3	1,470	1,350	120	8.2
Walla Walla	27,380	25,310	2,070	7.6	26,790	24,640	2,150	8.0
Whitman	17,600	16,980	620	3.5	18,180	17,670	510	2.8

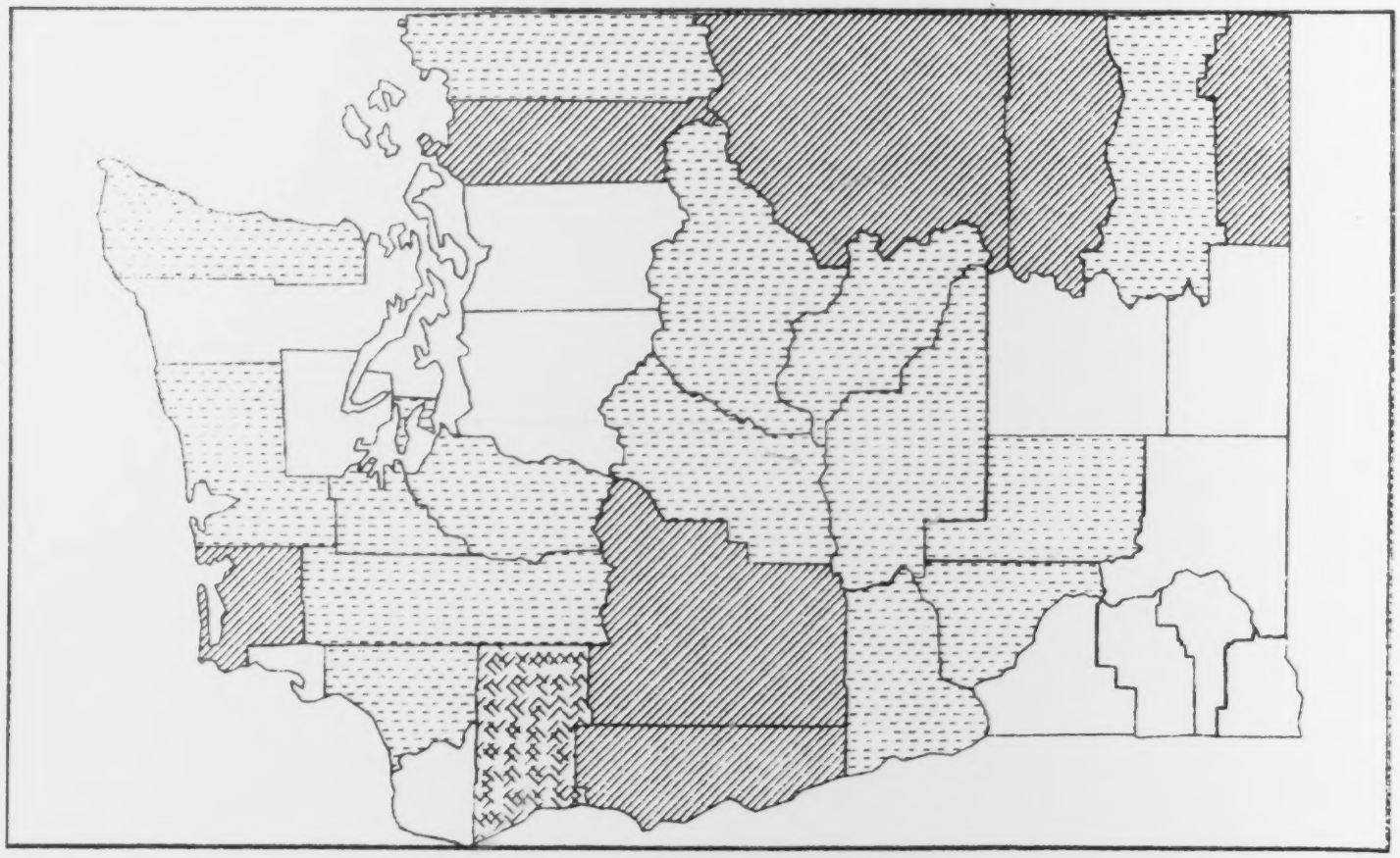
1/ Official U.S. Department of Labor, Bureau of Labor Statistics data. Data are not comparable with estimates made in previous years.

2/ Includes Benton and Franklin counties.

3/ Includes Chelan and Douglas counties.

ESTIMATED AVERAGE HOURS AND EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING AND OF NONSUPERVISORY WORKERS IN NONMANUFACTURING ACTIVITIES, STATE OF WASHINGTON

	May. 1984 Prod. or Nonsup. Workers	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
		May 1984	Apr. 1984	May 1983	May 1984	Apr. 1984	May 1983	May 1984	Apr. 1984	May 1983
TOTAL MANUFACTURING INDUSTRIES	182,400	$448.53	$454.70	$445.70	38.7	39.3	39.2	$11.59	$11.57	$11.37
Lumber & wood products	38,700	416.99	436.89	449.12	37.0	38.8	39.5	11.27	11.26	11.37
Primary metal industries	10,800	560.70	560.77	555.95	42.0	42.1	42.7	13.35	13.32	13.02
Fabricated metal products	7,200	473.62	481.90	493.29	40.9	41.4	40.6	11.58	11.64	12.15
Machinery	17,400	440.78	409.25	379.66	40.7	39.2	39.1	10.83	10.44	9.71
Food & kindred products	24,100	342.98	354.31	360.40	36.8	37.1	38.3	9.32	9.55	9.41
Chemicals & allied products	5,400	559.01	546.07	530.06	43.2	42.2	43.2	12.94	12.94	12.27
SELECTED NONMANUFACTURING INDUSTRIES										
Construction	54,800	605.73	608.29	642.04	36.6	36.6	36.5	16.55	16.62	17.59
Wholesale and retail trade	253,100	312.36	321.89	314.10	34.1	34.5	34.9	9.16	9.33	9.00


OVER 15.3
13.3 - 15.3
10.0 - 13.2
UNDER 10.0
JUNE
UNEMPLOYMENT
RATES

9/24/84 S8340-3 A

JOB SERVICE

Washington State
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in cooperation with the
Bureau of Labor Statistics
and the Employment and
Training Administration
U.S. Department of Labor

Washington Labor Market

Volume 8, Number 8 August 1984

HIGHLIGHTS

Seasonal layoffs in public education, continuing gains in two industries that have led the recovery, and losses in two chronically depressed sectors, highlighted July labor market developments in the state. An announcement by The Boeing Company, that it will hire 1,500 more workers than originally forecast, ensures that recovery will continue at least through 1984.

Plagued by a sluggish residential housing market, low-priced Canadian imports, and a regional oversupply, the lumber and wood products sector registered a drop of 600 jobs during July. The industry normally adds to its payrolls this time of year. Shipbuilding, another industry beleaguered by poor market conditions, recorded a loss of at least 225 jobs. Two other sectors--machinery and chemicals--which have performed well during the recovery, posted surprising losses last month. A contract completion at one heavy machinery firm and a temporary (two month) plant closure by a major chemicals producer, alone cost 900 jobs. These setbacks are considered temporary, with payrolls in both industries expected to resume their upward trend in the months ahead.

	July 1984*	June 1984*	July 1983
Civilian Labor Force	2,091.7	2,123.7	2,086.8
Total State Employment	1,896.2	1,926.4	1,864.9
Total Unemployment	195.5	197.3	221.9
State Unemployment Rate	9.3	9.3	10.6
National Civilian Unemployment Rate	7.5	7.4	9.4

*These data are alternative estimates which are more nearly comparable with data released in previous years than the official Bureau of Labor Statistics' estimates developed for Federal program purposes.

A resurgent airline industry, booming demand for paper products, and vigor in non-residential construction, helped offset losses in lumber, shipbuilding, chemicals, and machinery. These developments yielded a hefty over the month increase in aerospace jobs (+1000), surprising growth in construction trade jobs (+2,400), and another jump in paper products payrolls (+400).

Altogether, Washington's employment recovery stayed on course during July, as the state jobless rate held at 9.3 percent. Although total employment dropped by over 30,000 from June to July, a concurrent drop of 1,800 in the number of persons classified as unemployed, enabled the state's jobless rate to hold steady. The hefty employment loss was concentrated in public education, affecting 28,800 school personnel. Because a majority of these workers do not seek summer employment, they are not categorized as unemployed.

A July increase of about 9,500 in the number of individuals filing regular UI claims was normal for the first month of a new calendar quarter, when thousands of previously unemployed persons become eligible for benefits. These individuals were not counted in the July unemployment figure.

On the national level, a drop in the Department of Commerce's Index of Leading Economic Indicators for the second straight month, fueled expectations of an economic slowdown in early 1985. The July decline of 0.8 percent followed a revised June drop of 1.3 percent. This is the first time since the period preceding the recession that the Index has dropped for two consecutive months. In the past, however, there have been twelve occasions when the Index dropped for two straight months without a recession occurring. (One leading economist quipped that "the Index has predicted eleven of the last five recessions".) On the heels of further evidence that a new round of inflation is not in the offing, the performance of the Index was greeted favorably by interest rate watchers. They see a cooling of the economy as critical to holding down interest rates.

Nationally, the non seasonally adjusted jobless rate increased 0.1 of a percentage point in July to 7.5 percent. The seasonally adjusted measure, however, jumped a huge 0.4 of a percentage point, from 7.1 percent in June to 7.5 percent in July. In the previous month, the adjusted rate had dipped by a similar magnitude. These unusually large monthly swings have been attributed to "statistical anomolies" in the seasonal adjustment method, which cause distortions in month to month data. Both the surge and decline of the past two months were probably overstated. The two month picture--showing a steady unemployment rate between May and July--is more consistent with other national economic data. A July rise in industrial production and personal income is otherwise difficult to explain in light of the sharp drop in the July (seasonally adjusted) jobless rate.

CHART 1

CHART 2

MANUFACTURING EMPLOYMENT

Growth in aerospace, sparked by renewed health in the domestic airline industry, continues to bolster an otherwise checkered recovery in the state's manufacturing industries. Two previously stellar performers--chemicals and machinery--posted unexpected job losses in July, adding to chronic ills in shipbuilding and lumber and wood products. Paper products, benefitting from a boom in magazine publishing and in computer and copier paper sales, provided a welcome assist to aerospace in holding net manufacturing losses to only 400 jobs in July. An announcement by The Boeing Company upping its hiring forecast for 1984 painted a brighter manufacturing picture for the future.

Durable Good Industries

Employment in lumber and wood products normally increases from June to July, coinciding with the peak in mid-summer construction activity. Historically, the rise has been in the range of 500 to 1,000 new jobs. This year, July payrolls in lumber and wood products fell by 600. Recovery and expansion has eluded this industry. The culprit has been low prices for lumber, caused by an oversupply, a flood of cheaper Canadian imports, and a sluggish northwest residential housing market. These conditions dictated sharp cutbacks in Washington and Oregon coastal region lumber production. According to the Western Wood Products Association, coastal region production was still fifteen percent "below normal" in early August. The usual late summer slowdown in construction activity means that employment in the industry probably peaked during June, when payrolls stood at 43,200. The July 1984 level of 42,600, is only 600 above July 1982 when the industry and the state were in deep recession.

Although the short term outlook for northwest lumber is not bright, some hope lies in the cultivation of Asian export markets. China, which suffers from chronic wood shortages, will be a prime target for the industry in the next decade. In an historic agreement that may signal greater access to Asian markets, China recently bought privately owned standing timber in Washington State for the first time. The land had been owned by the St. Regis Corporation. Press accounts, however, did not discuss China's immediate plans for the timber. It is not clear what effect the agreement will have on the state's lumber and wood products labor force.

Sale of Standing Timber To China Signals Greater Access to Asian Markets

Recovery has also eluded the region's aluminum industry. A world wide oversupply compounded by higher electricity rates, forced a cutback in northwest aluminum production over the past several months. An electricity rate discount recently announced by the Bonniville Power Authority (BPA), however, should restore some of the jobs sacrificed in the cutback.

Electricity Rate Discount To Ease Northwest Aluminum Recession

According to a Wall Street Journal report, aluminum producers nationally are on the verge of a second major cut in production, as world ingot prices dropped another six cents per pound from June to August. The agreement by the BPA and six northwest aluminum producers, however, should forestall a second round of reductions in the region. In return for committments by the companies to buy more electricity, BPA offered a temporary, eighteen percent, rate discount. Alcoa is now scheduled to increase production by at least one potline, involving an expected October 1st recall of sixty-five workers at its Vancouver, Washington plant. BPA's 1983 rate schedule permits it to offer special incentive rates under "adverse economic conditions," if the effect is to increase sales and raise more revenue for the power company.

Boeing to Hire 1500 More

For the second straight month, a healthy employment gain in aerospace (+1000) was partially offset by a decline in the "other transportation" category (-600), with most of the losses occurring again in the depressed shipbuilding sector.

Aerospace has been the bright performer in a generally listless state manufacturing recovery. Amidst persistent weakness in lumber, metals, and shipbuilding, steady growth in aerospace payrolls has chipped away at the loss of 20,000 basic manufacturing jobs in the state since the 1981-82 recession. "Basic industries" are those which bring dollars into the region through exports or by transactions with other parts of the country. The state's employment recovery has been concentrated in non-basic industries, especially services and wholesale and retail trade. A similar pattern has characterized the national recovery.

Surge in Airline Profits Means More Jobs In Aerospace

With the addition of 1,000 jobs in July, aerospace payrolls in the state have now increased by 3,400 since the end of 1983. On the heels of the July upturn, the Boeing Company announced that the firm will hire 1,500 more people this year than originally predicted. This would bring to 6,800 the total number of expected new jobs for 1984. Most of the additional employees will be recalled from lay-off status. A major ingredient in the state's aerospace recovery has been renewed strength in the domestic commercial airline industry. The airlines, which experienced high fuel prices, deregulation, fare wars, and serious labor-management conflicts over the past decade, posted a dramatic 346 percent climb in second quarter earnings compared to the same period a year ago. These companies are now able to replace old planes. According to a Boeing spokesman, the airlines will also "need to replace hundreds of airplanes when new noise regulations take effect in January 1985."

Coast Guard Withdraws Major Shipbuilding Contract

A spark of optimism earlier in the year about the future of Puget Sound shipbuilding was partially doused by a Coast Guard decision to withdraw a $76.7 million contract from the Marine Power and Equipment Company of Seattle. The contract was challenged in court by a Louisiana firm which argued that Marine Power had failed to meet Coast Guard specifications for the job. Marine Power is reportedly considering a judicial appeal of its own.

Two Bills in Congress May Help Puget Sound Shipbuilding

Deterioration of the domestic commercial shipping industry has made Puget Sound shipbuilding dependent on government contracts. Industry officials are looking to the Shipping Act of 1984 for some relief. The Act, which took effect in June, eases restrictions on United States ocean liner companies to negotiate agreements on prices, routes, and cargoes in international shipping. Proponents believe the bill will boost domestic commercial shipping by making the industry more competitive in the international environment, where government sanction of shipping cartels is common. Another bill pending in Congress, which targets loans or subsidies for the construction of fuel-efficient ocean-going vessels, may also help the region's ailing shipbuilding industry.

Fueled by continuing strength in capital spending, payrolls in machinery manufacturing have been restored to pre-recession levels, with a total over-the-year gain of 1,800 jobs. Completion of a contract at one large firm during July, however, resulted in a loss of nearly 400 jobs in machinery. With the national factory operating rate rising to 83 percent last month, capital spending is expected to remain strong through the remainder of the year. The state's heavy machinery sector should at least consolidate its recent employment gains, or resume growth in the months ahead.

Absence of "Unitary Tax" Attracts "High Tech" Firms to State

Electrical and electronics equipment manufacturing, which includes high technology industries, has led the eighteen month recovery in machinery. The outlook for the future is even brighter. Kayocera International of San Diego, a Japanese producer of electrical and computer equipment, will build a plant on 54 acres near Vancouver, Washington. The firm is expected to employ up to 2,000 people. Company officials cited California's practice of taxing a corporation's world wide revenues, as one reason for the move to Washington. This so called "unitary tax" has been heavily opposed by Japanese multi-national corporations. The absence of a unitary tax in Washington has made the state more attractive to companies with world wide operations. Other features of the state taxing system, however, have been criticized by some high technology officials. The state business and occupations tax, which applies to corporate gross receipts rather than just profits, is considered burdensome to some new high technology enter-